

CITY OF MARQUETTE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

June 30, 2011

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CITY OF MARQUETTE

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Norma Mason	Mayor	Jan. 2012
Jason Winter	Mayor Pro tem	Jan. 2012
Jim Meana	Council Member	Jan. 2012
Tracy Melver	Council Member	Jan. 2014
Mary Jo Pirc	Council Member	Jan. 2014
Rinda Ferguson	Council Member	Jan. 2014
Dean Hilgersen	City Manager	Indefinite
Susan Weipert	Clerk/Treasurer	Indefinite
James Garrett	Attorney	Indefinite

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units and remaining fund information and each major fund of the City of Marquette, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marquette's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the aggregate discretely presented component units and remaining fund information and each major fund of the City of Marquette as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011 on our consideration of the City of Marquette's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 12 and 29 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Marquette's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elkader, Iowa

November 30, 2011

Duty, Donald & Company

CITY OF MARQUETTE

88 North St. PO Box 7
Marquette IA 52158-0007
Phone: 563-873-3735 Fax: 563-873-2122
marqcity@alpinecom.net

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Marquette provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

Receipts of the City's governmental activities decreased 15.4% or approximately \$ 303,000 from fiscal 2010 to fiscal 2011. The City received approximately \$ 316,000 less in capital grants in 2011 than in 2010.

Disbursements of the City's governmental activities decreased 3.1%, or approximately \$ 57,000 in fiscal 2011 from fiscal 2010. Capital projects disbursements decreased approximately \$ 167,000, while public safety disbursements increased approximately \$ 76,000.

The City's total cash basis net assets decreased 2.4%, or approximately \$ 103,000, from June 30, 2010 to June 30, 2011. Of this amount, the assets of the governmental activities decreased approximately \$ 148,000 and the assets of the business type activities increased approximately \$ 45,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the

activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the discretely presented component units.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

The City's Reporting Entity Presentation

This annual report includes all activities for which the City of Marquette City Council is fiscally responsible. These activities defined as the City's reporting entity, are operated within a separate legal entity that is the primary government and other separate legal entities that are included as component units.

The primary government consists of one legal entity, the City of Marquette.

The component unit presentation consists of two legal entities, the Mar-Mac Unified Law Enforcement District and the Mar Mac Driftless Area Wetlands Centre.

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases and decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into three kinds of activities:

Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government and capital projects. Property tax, state and federal grants, and gaming revenues finance most of these activities.

Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Discretely Presented Component Units consist of the Mar-Mac Unified Law Enforcement District and the Mar Mac Driftless Area Wetlands Centre, legally separate organizations that have the potential to provide specific benefits or impose specific financial burdens on the City.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment and 3) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise

Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City.

The required financial statements for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$ 4.154 million to approximately \$ 4.006 million. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service	\$ 245	230
Operating grants and contributions	46	44
Capital grants and contributions	205	521
General receipts:		
Property tax	437	346
Local option sales tax	35	32
Gaming wager tax	583	639
Sale of assets	41	40
Unrestricted investment earnings	78	116
Other general receipts	3	8
Total receipts	<u>1,673</u>	<u>1,976</u>
Disbursements:		
Public safety	219	143
Public works	147	132
Health and social services	1	-
Culture and recreation	81	80
Community and economic development	6	1
General government	232	220
Capital projects	1,096	1,263
Total disbursements	<u>1,782</u>	<u>1,839</u>
Change in cash basis net assets before transfers	(109)	137
Transfers, net	(39)	-
Change in cash basis net assets	(148)	137
Cash basis net assets beginning of year	4,154	4,017
Cash basis net assets end of year	<u>\$ 4,006</u>	<u>4,154</u>

The City's total receipts for governmental activities decreased 15.3% or approximately \$ 303,000. The total cost of all programs and services decreased approximately \$ 57,000 or 3.1%. The significant decrease in receipts was primarily due to receiving approximately \$ 316,000 less in capital grants in 2011 than in 2010.

The cost of all governmental activities this year was approximately \$ 1.782 million compared to approximately \$ 1.839 million last year. However, as shown in the Statement of Activities and Net Assets on page 14, the amount taxpayers ultimately financed for these activities was only \$ 1.287 million because some of the cost was paid by those directly benefited from the programs (\$ 244,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$ 251,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in 2011 from approximately \$ 795,000 to approximately \$ 496,000. The City paid the remaining "public benefit" portion of governmental activities with approximately \$ 472,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest (\$ 78,000) and gaming wager receipts (\$ 583,000).

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 84	90
Sewer	85	87
Total receipts	169	177
Disbursements:		
Water	74	77
Sewer	89	102
Total disbursements	163	179
Change in cash basis net assets before transfers	6	(2)
Transfers, net	39	-
Change in cash basis net assets	45	(2)
Cash basis net assets beginning of year	75	77
Cash basis net assets end of year	\$ 120	75

Total business type activities receipts for the fiscal year were \$ 169,000 compared to \$ 177,000 last year. The cash balance increased approximately \$ 45,000 from the prior year. Total disbursements for the fiscal year decreased 7.8% or approximately \$ 14,000.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Marquette completed the year, its governmental funds reported a combined fund balance of \$ 4,006,437, a decrease of \$ 147,876 from last year's total of \$ 4,154,313. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund cash balance decreased \$ 52,442 from the prior year to \$ 3,954,577. The General Fund transferred \$ 837,403 to various capital projects and received \$ 414,357 from the TIF fund as repayment of past transfers.

The Special Revenue, Urban Renewal Tax Increment Fund revenues were used to transfer \$ 414,357 to the General Fund as a payment on interfund loans.

The Capital Projects Fund disbursed \$ 1,095,829 during the current fiscal year for various capital projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 17, 2011 and resulted in a decrease of \$ 124,205 in budgeted disbursements, primarily a result of a budgeted decrease in capital projects disbursements of \$ 105,000.

The City's receipts were \$ 71,825 less than budgeted, primarily due to the City receiving less in grant revenues than anticipated. Even with the budget amendment, the City exceeded budgeted disbursements in the public safety function by \$ 277.

DEBT ADMINISTRATION

At June 30, 2011 and 2010, the City had no long-term debt.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's constitutional debt limit is approximately \$ 1.6 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Marquette's elected and appointed officials and citizens con-

sidered many factors when setting the fiscal year 2012 budget, tax rates, and fees that will be charged for various City activities. One of those factors is revenue from the gaming boat. Total gaming boat receipts for the years ended June 30, 2011, 2010, and 2009 were \$ 763,253, \$ 807,000 and \$ 889,000 respectively. New gaming facilities in Iowa and a depressed economy will continue to put downward pressure on these receipts. The City's population decreased 21.2% in the 2010 census from the 2000 census.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are \$ 1.628 million, a decrease of 10.7% over the final fiscal 2011 budget. Budgeted disbursements are expected to increase approximately \$ 296,000 with capital projects disbursements budgeted to increase approximately \$ 372,000.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$ 1.214 million by the close of 2012.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dean Hilgerson, City Manager, 88 North Street, Marquette, Iowa.

Basic Financial Statements

Exhibit A

CITY OF MARQUETTE
STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS
As of and for the Year Ended June 30, 2011

Functions/Programs:	Disbursements	Program Receipts			Primary Government		Discretely Presented Component Units
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets	Total	
Governmental activities:					Governmental Activities		
Public safety	\$ 219,252	79,771	-	-	(139,481)	-	-
Public works	146,962	39,523	43,200	-	(64,239)	-	-
Health and social services	816	-	-	-	(816)	-	-
Culture and recreation	80,721	114,186	-	-	33,465	-	-
Community and economic development	6,523	-	2,950	-	(3,573)	-	-
General government	232,213	10,950	-	-	(221,263)	-	-
Capital projects	1,095,829	-	-	205,100	(890,729)	-	-
Total governmental activities	1,782,316	244,430	46,150	205,100	(1,286,636)	-	-
Business type activities:							
Water	73,891	84,359	-	-	10,468	10,468	-
Sewer	88,743	84,627	-	-	(4,116)	(4,116)	-
Total business type activities	162,634	168,986	-	-	6,352	6,352	-
Total primary government	\$ 1,944,950	\$ 413,416	\$ 46,150	\$ 205,100	(1,286,636)	\$ 6,352	\$ 88,183
Discretely presented component units	\$ 356,955	256,968	18,900	169,270			
General Receipts and Transfers:							
Property tax and other city tax levied for:							
General purposes					98,889	98,889	-
Tax increment financing					338,577	338,577	-
Local option sales tax					34,516	34,516	-
Gaming wager tax					583,253	583,253	-
Unrestricted interest on investments					78,271	78,271	543
Miscellaneous					3,083	3,083	-
Sale of assets					40,750	40,750	-
Transfers					(38,578)	38,578	-
Total general receipts and transfers					1,138,761	38,578	3,244
Change in cash basis net assets					(147,875)	44,930	91,427
Cash basis net assets beginning of year					4,154,313	74,899	90,487
Cash basis net assets end of year					\$ 4,006,438	119,829	181,914
Cash Basis Net Assets:							
Restricted, expendable:							
Overpass demolition					100,000	-	-
Streets					7,498	7,498	-
Urban renewal purposes					15,160	-	-
Capital projects					29,202	29,202	118,170
Unrestricted					3,854,577	119,829	63,744
Total cash basis net assets					\$ 4,006,437	119,829	181,914

See notes to financial statements.

Exhibit B

CITY OF MARQUETTE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2011

	General	Special Revenue Urban Renewal Tax Increment	Capital Projects	Nonmajor Special Revenue Road Use Tax	Total
Receipts:					
Property tax	\$ 98,889	-	-	-	98,889
Tax increment financing	-	338,577	-	-	338,577
Other city tax	617,769	-	-	-	617,769
Licenses and permits	3,581	-	-	-	3,581
Use of money and property	275,233	-	-	-	275,233
Intergovernmental	8,245	-	208,050	37,630	253,925
Charges for service	39,523	-	-	-	39,523
Miscellaneous	4,771	-	-	-	4,771
Total receipts	1,948,011	338,577	208,050	37,630	1,632,268
Disbursements:					
Operating:					
Public safety	219,252	-	-	-	219,252
Public works	113,054	-	-	33,908	146,962
Health and social services	816	-	-	-	816
Culture and recreation	80,721	-	-	-	80,721
Community and economic development	6,523	-	-	-	6,523
General government	232,213	-	1,095,829	-	1,328,042
Capital projects	652,579	-	1,095,829	33,908	1,782,316
Total disbursements	395,432	338,577	(887,779)	3,722	(150,048)
Excess (deficiency) of receipts over (under) disbursements	13,750	-	27,000	-	40,750
Other financing sources (uses):	414,357	90,940	837,403	-	1,342,700
Sale of capital assets	(875,981)	(414,357)	(90,940)	-	(1,381,278)
Operating transfers in	(447,874)	(323,417)	773,463	-	2,112
Total other financing sources (uses)	(52,447)	15,160	(114,316)	3,722	(147,876)
Net change in cash balances	4,007,019	-	143,518	3,776	4,154,313
Cash balances beginning of year	\$ 3,954,577	15,160	29,202	7,498	4,006,437
Cash balances end of year					
Cash Basis Fund Balances:					
Restricted for:	\$ 100,000	-	-	-	100,000
Overpass demolition	-	15,160	-	-	15,160
Urban renewal purposes	-	-	29,202	-	29,202
Capital projects	-	-	-	7,498	7,498
Streets	3,854,577	-	-	-	3,854,577
Unassigned	\$ 3,954,577	15,160	29,202	7,498	4,006,437
Total cash basis fund balances					

See notes to financial statements.

CITY OF MARQUETTE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2011

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 84,359	84,627	168,986
Operating disbursements:			
Business type activities	73,891	88,743	162,634
Excess (deficiency) of operating receipts over (under) operating disbursements	10,468	(4,116)	6,352
Operating transfers in	38,578	-	38,578
Net change in cash balances	49,046	(4,116)	44,930
Cash balances beginning of year	42,822	32,077	74,899
Cash balances end of year	\$ 91,868	27,961	119,829
Cash Basis Fund Balances			
Unrestricted	\$ 91,868	27,961	119,829

See notes to financial statements.

CITY OF MARQUETTE
Notes to Financial Statements
June 30, 2011

(1) **Summary of Significant Accounting Policies**

The City of Marquette is a political subdivision of the State of Iowa located in Clayton County. It was first incorporated in 1860 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Marquette has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has two component units which meet the Governmental Accounting Standards Board criteria.

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The component units that are discretely presented in the City's report are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>
Mar-Mac Unified Law Enforcement District	Created in 1999 under Chapter 28E of the Code of Iowa to provide police services to the cities of Marquette and McGregor. The District is governed by a five member board, two of which are appointed by the City of Marquette, who are persons currently serving as either Mayor or Council Member of Mar-

quette. Appointments are made by the Mayor, subject to Council approval; provided however, that if the Mayor appoints himself/herself, Council approval is not required. The City of Marquette shall appropriate and pay to the District each fiscal year a sum equal to 65% of the District's budget for the year.

MarMac Driftless
Area Wetlands
Centre

Created in 2009 under Chapter 28E of the Code of Iowa to build and operate a multi-use community facility and arts venue, a nature center focusing on area ecosystems, and eventually, a trailhead for area pedestrian and cycling trails. The Centre is governed by a five member board, two of which are appointed by the City of Marquette, who are currently residents of Marquette. Appointments are made by the Mayor, subject to Council approval. The City of Marquette shall appropriate and pay to the Centre each fiscal year a sum equal to 50% of the Centre's budget for the year to be extent funds are not made available from other services. If the Centre and both city councils fail to agree upon and approve a budget for the Centre, the 28E agreement shall automatically terminate. Upon termination, for a period of 120 days, the City of Marquette shall have the exclusive right and option to purchase the Centre and all non-cash assets for a purchase price equal to the lesser of:

- i) the fair market value of such assets
- ii) a prorata portion of the School District's original \$ 20,000 contribution reduced by one-tenth each year and the payment of any and all outstanding obligations of the Centre.

The District issues a publicly available audited financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: Mar-Mac Police District; P.O. Box 69; Marquette, Iowa 52158-0069.

The Centre issues a publicly available audited financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: MarMac Driftless Area Wetlands Centre; P.O. Box 7; Marquette, IA 52158-0007.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Clayton County Assessor's Conference Board, Clayton County Emergency Management Commission and Clayton County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for service. Activity between the primary government (the City) and the discretely presented component units (the Mar-Mac Unified Law Enforcement District and the MarMac Driftless Area Wetlands Centre) are reported as if they are classified separately from internal activities within the primary government.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

The City reports the following major proprietry funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Marquette maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements

are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications-committed, assigned then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper;

perfected repurchase agreements; certain registered openend management investment companies; certain joint investments trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of deposit) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but maturities shall be consistent with the needs and use of the City.

(3) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Contribution requirements are established by state statute. The Primary Government's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$ 12,676, \$ 13,365 and \$ 11,562, respectively, equal to the required contribution for each year.

Certain employees in special risk occupations and the Discretely Presented Component Units contribute an actuarially determined contribution rate. The Discretely Presented Component Units' contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$ 13,431, \$ 11,391 and \$ 9,765, respectively, equal to the required contributions for the year.

(4) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 4 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

The Discretely Presented Component Units operate a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 3 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City and the Discretely Presented Component Units. The City and the Discretely Presented Component Units finance the retiree benefit plans on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$ 906 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2011 the City contributed \$ 46,221 and plan members contributed \$ 3,600. The most recent active member monthly premiums for the Discretely Presented Component Units and plan members are \$ 394 for single coverage and \$ 985 for family coverage. For the year ended June 30, 2011 the Discretely Presented Component Units contributed \$ 25,375 and plan members contributed \$ 2,575.

(5) Compensated Absences

City and Discretely Presented Component Unit employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement, or death.

These accumulations are not recognized as disbursements until used or paid. The City's and the Discretely Presented Component Units' approximate liabilities for earned compensated absences payable to employees at June 30, 2011, are as follows:

<u>Type of Benefit</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
	<u>Amount</u>	<u>Amount</u>
Vacation	\$ 1,200	6,600
Compensatory hours	-	2,400
Total	<u>\$ 1,200</u>	<u>9,000</u>

These liabilities have been computed based on rates of pay as of June 30, 2011.

(6) Excursion Gambling Boat Dock Site Lease Agreement

On July 10, 1994, the City entered into a dock site lease agreement with a Company to operate and manage casino gambling on excursion gambling boats and related activities in and about the City of Marquette. The dock site lease agreement provides docking facilities for a twenty five year term beginning June 10, 1994. The agreement provides that the Company pay the City (a) \$ 105,000 per year payable in equal monthly installments; (b) fifty cents per ticketed passenger payable monthly; (c) two and one-half percent of the net gambling receipts in excess of \$ 10,000,000 per year; and (d) fifty cents per passenger admission pursuant to Chapter 99F.10 of the Code of Iowa and the City ordinance for dock site rental. Additionally, the City provides 24 hour public safety protection for \$ 75,000 per year payable monthly.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Urban Renewal Tax Increment	<u>\$ 414,357</u>
Special Revenue: Urban Renewal Tax Increment	Capital Projects	<u>90,940</u>
Capital Projects	General	<u>837,403</u>
Enterprise: Water	General	<u>38,578</u>
Total		<u><u>\$ 1,381,278</u></u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Risk Management

The City of Marquette and its discretely presented component units are exposed to various risks of loss related to torts, theft, damage

to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Related Party Transactions

The City paid \$ 166,541 to Mar-Mac Unified Law Enforcement District, a discretely presented component unit, of the city, for police services during the fiscal year ended June 30, 2011.

(10) Commitments

The City's contracted obligation to a discretely presented component unit for police service for the fiscal year ended June 30, 2012 is \$ 170,194.

(11) Significant Concentration of Credit Risk

Receipts from one business comprised approximately 42% of the City's total receipts for the fiscal year ended June 30, 2011.

(12) Litigation

The City is involved in a legal proceeding involving a land owner and storm water run-off. The City believes that the litigation will not materially affect its cash basis net assets, fund balance or future operating results of the City, although no assurance can be given with respect to the ultimate outcome of any litigations.

(13) Subsequent Events

In July 2011, the City entered into a construction contract for \$ 694,677 for a street paving project to be financed with urban renewal tax increment financing funds.

In November 2011, the City entered into a develop agreement with a developer to develop a single structure to house the Developer's hotel and the City's city hall and community center facilities (the Project). The mutual covenants are set forth as follows:

- a. Assignment of Purchase Option - The City shall assign to the Developer the City's option to purchase certain real estate and the Developer shall pay to the City \$ 1,550 for said assignment.

- b. Exercise of Purchase Option - The Developer shall promptly exercise the purchase option and close on the purchase as rapidly as possible.
- c. Real Estate Purchase Grant - Within 30 days after exercising the purchase option, the City shall make a grant to the Developer in the amount of \$ 227,550. Within 48 hours thereafter, the City shall convey to the Developer the current city hall building in exchange for the payment by the Developer to the City the sum of \$ 226,000.
- d. Building Demolition - Within 60 days after purchase of both properties, the Developer shall demolish all structures located thereon and prepare the properties for the start of construction.
- e. Construction Start and Completion - Construction of the Project shall commence within 120 days after the purchase by the Developer of both properties and shall be substantially completed within 180 days thereafter.
- f. Joint Ownership - The facilities developed in the Project shall upon completion be owned and managed jointly by the submission of the facilities and the real estate to a horizontal property regime pursuant to Iowa Code Chapter 499B, with the Developer owning an 87% interest and the City owning a 13% interest.
- g. Sale and Purchase of New City Hall and Community Center Facilities - The purchase price for such real estate interest is agreed to be \$ 546,000 which the parties agree shall be included within the incentive payments provided for in paragraph h and shall be deemed paid in full upon completion of such incentive payments.
- h. Incentives - In addition to the real estate purchase grant provided in paragraph c, the City shall make periodic economic development grants to the Developer as follows:
 - 1) Demolition and Site Preparation - Upon certification by the Developer's engineer or architect that all structures on the two properties have been demolished and the properties readied for the start of construction, the City shall pay the Developer \$ 369,250.
 - 2) Rough Carpentry Completion - Upon certification that all rough carpentry for the Project has been completed, the City shall pay to the Developer \$ 369,250.

- 3) Drywall Completion - Upon certification that all drywall work has been completed, the City shall pay to the Developer \$ 369,250.
- 4) Substantial Completion - Upon certification that the Project is substantially complete, the City shall pay to the Developer \$ 369,250.

Required Supplementary Information

CITY OF MARQUETTE
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES—
BUDGET AND ACTUAL (CASH BASIS)—ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts Original	Final	Final to Total Variance
Receipts:						
Property tax	\$ 98,889	-	98,889	54,287	94,287	4,602
Tax increment financing	328,577	-	328,577	328,349	320,349	8,228
Other city tax	617,769	-	617,769	541,874	611,874	5,895
Licenses and permits	3,581	-	3,581	1,175	1,175	2,406
Use of money and property	275,233	-	275,233	267,144	267,144	8,089
Intergovernmental	253,925	-	253,925	389,900	339,900	(85,975)
Charges for services	39,523	168,986	208,509	206,100	203,100	5,409
Miscellaneous	4,771	-	4,771	33,250	35,250	(30,479)
Total receipts	1,632,268	168,986	1,791,254	1,822,079	1,873,079	(81,825)
Disbursements:						
Public safety	219,252	-	219,252	207,590	218,975	30,633
Public works	146,962	-	146,962	177,595	177,595	1,500
Health and social services	816	-	816	2,316	2,316	9,044
Culture and recreation	80,721	-	80,721	73,365	89,765	4,112
Community and economic development	6,523	-	6,523	10,635	10,635	9,357
General government	232,213	-	232,213	263,960	241,570	389,171
Capital projects	1,095,829	-	1,095,829	1,590,000	1,485,000	33,146
Business type activities	-	162,634	162,634	220,380	195,780	476,686
Total disbursements	1,782,316	162,634	1,944,950	2,545,841	2,421,636	394,861
Excess (deficiency) of receipts over (under) disbursements	(150,048)	6,352	(153,696)	(723,762)	(548,557)	40,750
Other financing sources, net	2,172	38,578	40,750	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(147,876)	44,930	(112,946)	(723,762)	(548,557)	435,611
Balances beginning of year	4,154,313	74,899	4,229,212	4,163,991	4,229,212	-
Balances end of year	\$ 4,006,437	119,829	4,116,266	3,440,229	3,680,655	435,611

See accompanying independent auditor's report and notes to required supplementary information—budgetary reporting.

CITY OF MARQUETTE

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted disbursements \$ 124,505. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the public safety function.

Other Supplementary Information

Schedule 1

CITY OF MARQUETTE
STATEMENT OF ACTIVITIES AND NET ASSETS CASH BASIS
AGGREGATE DISCREETELY PRESENTED COMPONENT UNITS
As of and for the Year Ended June 30, 2011

Discretely Presented Component Unit	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Unified Law Enforcement District	Driftless Area Wetlands Centre	Total
Mar Mac Unified Law Enforcement District	\$ 255,766	256,968	18,900	-	20,102	-	20,102
Mar Mac Driftless Area Wetlands Centre	101,189	-	-	169,270	-	68,081	68,081
Total	\$ 356,955	256,968	18,900	169,270	20,102	68,081	88,183
General Receipts:							
Unrestricted interest on investments					339	204	543
Miscellaneous					2,701	-	2,701
Total general receipts					3,040	204	3,244
Change in cash basis net assets					23,142	68,285	91,427
Cash basis net assets beginning of year					40,602	49,885	90,487
Cash basis net assets end of year					\$ 63,744	118,170	181,914
Cash Basis Net Assets							
Restricted, expendable:					\$ -	118,170	118,170
Capital projects					63,744	-	63,744
Unrestricted					\$ 63,744	118,170	181,914
Total cash basis net assets							

See accompanying independent auditor's report.

Schedule 2

CITY OF MARQUETTE
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the last Eight Years

	2011	2010	2009	2008	2007	2006	2005	2004
Receipts:								
Property tax	\$ 98,889	6,931	26,889	23,265	22,550	20,967	10,102	39,417
Tax increment								
Financing	338,577	339,432	409,550	410,743	405,772	384,135	430,377	264,392
Other city tax	617,769	670,494	739,630	868,175	1,062,131	1,212,068	1,232,376	1,245,022
Licenses and permits	3,581	3,920	1,695	2,170	715	2,145	2,180	2,198
Use of money and property	275,233	297,680	356,740	242,257	333,943	268,900	225,990	251,337
Intergovernmental	253,925	565,036	55,536	248,659	39,624	39,850	114,698	82,907
Charges for service	39,523	42,967	42,022	26,821	25,887	24,558	25,108	25,176
Miscellaneous	4,771	9,465	15,603	4,340	27,876	10,333	24,485	58,838
Total	\$ 1,632,268	1,935,925	1,647,665	1,826,430	1,918,498	1,962,956	2,065,316	1,969,307

Disbursements:								
Operating:								
Public safety	\$ 219,252	143,493	182,553	250,875	149,857	147,862	140,173	137,888
Public works	146,962	132,156	147,810	146,006	159,772	174,498	162,829	115,346
Health and social services	816	316	316	1,158	300	316	1,053	1,053
Culture and recreation	80,721	79,799	60,454	58,216	57,013	72,257	65,722	63,928
Community and economic development	6,523	632	10,632	60,632	10,000	632	831	10,526
General government	232,213	219,968	220,080	144,417	192,818	185,976	163,021	171,283
Debt service	-	-	-	-	303,413	315,095	301,538	-
Capital projects	1,095,829	1,263,539	325,301	462,357	2,137,519	848,681	484,750	1,553,156
Total	\$ 1,782,316	1,839,723	947,146	1,123,661	3,010,692	1,745,317	1,319,917	2,053,180

See accompanying independent auditor's report.

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units and remaining fund information and each major fund of the City of Marquette, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated November 30, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Marquette's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Marquette's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Marquette's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Marquette's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marquette's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Marquette's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Marquette's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Marquette and other parties to whom the City of Marquette may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Marquette during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

November 30, 2011



Dietz, Donald & Company, CPAs
FEIN 42-1172392

CITY OF MARQUETTE

SCHEDULE OF FINDINGS

Year Ended June 30, 2011

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses were identified

INSTANCES OF NON-COMPLIANCE:

No matters were noted

CITY OF MARQUETTE
SCHEDULE OF FINDINGS
Year Ended June 30, 2011

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-11 **Certified Budget** - Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in the public safety function by \$ 277. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."
- Recommendation - Even though the overexpenditure was small, the budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response - The budget will be amended in the future, if applicable.
- Conclusion - Response accepted.
- II-B-11 **Questionable Disbursements** - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-11 **Travel Expense** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-11 **Business Transactions** - No business transactions between City and City officials or employees were noted.
- II-E-11 **Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-11 **Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-G-11 **Deposits and Investments** - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.